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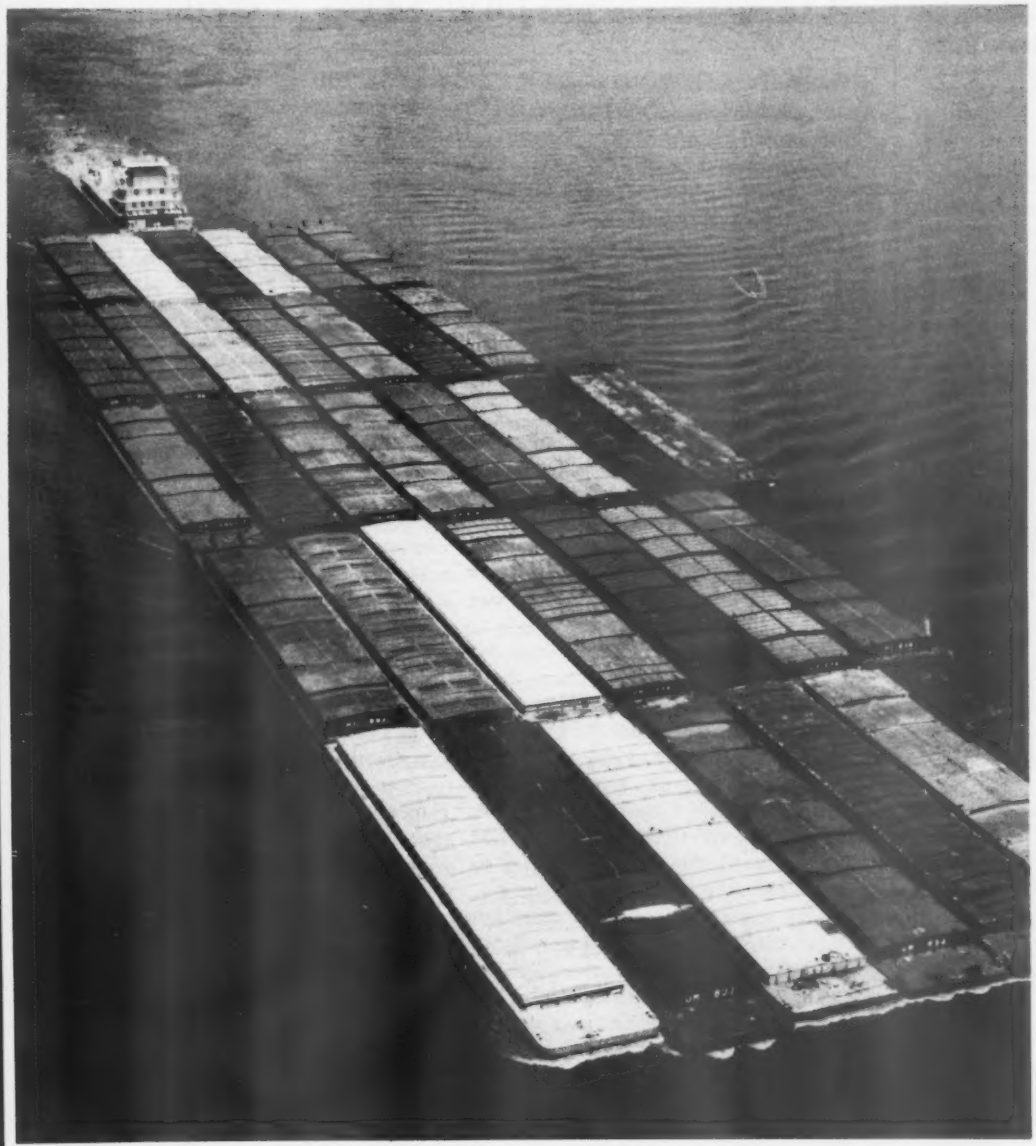

Grain barges, Mississippi River

Soviet Vegetable Oil Supplies Dip

U.S. Farm Exports for 1975

February 23, 1976

Foreign
Agricultural
Service
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OF AGRICULTURE

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This week's cover:

A 7,500 horsepower towboat pushes 36 barges of grain down the Mississippi River to New Orleans for eventual shipment to markets abroad. Grains accounted for more than half of the $21.9 billion worth of U.S. farm exports in calendar 1975. See article beginning on page 6.

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Soviet Vegetable Oil Supplies To Dip Sharply This Year

By JUDY GOLDICH
and DAVID SCHOONOVER
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THE USSR this year is likely to make substantial adjustments in its vegetable oil exports—while reducing stocks to keep domestic use at least near last year's levels—as the effect of 1975's poor sunflowerseed harvest is felt across this vast nation.

In spite of expected imports of about 1.5 million tons of soybeans for crushing, Soviet vegetable oil output this year is forecast to slip more than 15 percent below 1975's to 2.8 million tons. Even this amount is adequate only to cover the 1975 level of domestic use, but not exports or stockbuilding.

Last year, the Soviet Union produced 3.05 million tons of vegetable oil from Government holdings of oilseeds, compared with a planned 3.39 million. Through November 1975, output of 2.72 million tons was reported, versus 2.77 million as of the same date in 1974. Custom and farm crushing usually add an additional 300,000 tons or so to oil supplies.

This year's oil production downturn is the direct result of smaller supplies of sunflowerseed available for crushing, owing to 1975's very poor harvest. The Soviets harvested 5 million tons of sunflowerseed in 1975, compared with 6.8 million in 1974 and the planned 7.4 million.

Assuming a crush of 3.8 million tons this year and an extraction rate of about 43 percent, the Soviets will produce just 1.6 million tons of sunflowerseed oil—the main edible oil in the USSR and an important export to both East and West Europe.

Nor were sunflowers the only oilseed crop to suffer the ill effects of weather in 1975. Cold, rainy, fall weather held the 1975 seed cotton harvest to 7.9 million tons, compared with the 1974 level of 8.4 million. If past trends hold true, the Soviets could produce about 700,000 tons of cottonseed oil from the 1975 crop.

On the other hand, a significant increase in the domestic soybean crop is now seen. The total harvest is estimated at over 700,000 tons—versus 360,000 in 1974—with about 500,000 tons available for crushing.

And the Soviets are believed to have arranged to import about 1.5 million tons of soybeans. The meal and oil from the imported soybeans will be very important in increasing 1975/76 crush

USSR VEGETABLE OIL BALANCE, CALENDAR YEARS 1965-74
[In 1,000 metric tons]

Year	Production	Imports	Exports	Domestic supply and distribution				
				Total	Food use[1]	Industrial use and waste[2]	Stock change[3]	Error
1965	2,770	87	242	2,615	1,639	904	106	— 34
1966	2,732	55	456	2,331	1,471	881	0	— 21
1967	3,021	46	707	2,360	1,534	858	— 39	7
1968	3,145	63	770	2,438	1,549	836	4	49
1969	2,979	41	696	2,324	1,588	813	— 30	— 47
1970	2,784	86	372	2,498	1,651	790	10	47
1971	2,923	94	408	2,609	1,716	767	46	80
1972	2,827	89	423	2,493	1,733	745	— 1	16
1973	2,677	82	371	2,388	1,823	722	— 59	— 98
1974	3,411	51	513	2,949	1,991	[4]800	[5]52	106

[1] Includes margarine. [2] Estimates for 1965-74 are approximate mean of unexplained residual after adjusting supply for food use and stock change. Estimates for 1965-73 are linear trend values of the residuals for these years. [3] Sum of industrial, wholesale, and retail stocks. Retail stocks data apparently exclude margarine. [4] Estimates. [5] Wholesale, retail, and industrial stocks totaled 223,000 metric tons as of December 31, 1974.

year supplies, but imports above this level may be limited by domestic crushing capacity.

The meal content of soybeans and sunflowerseed differs, however. Only half as many soybeans as sunflowers can be processed in the prepress solvent-extraction facilities used by the Soviets. Although last year's very poor sunflower crop released some capacity for soybean processing, the Soviets probably would be unable to process more than an additional half million tons of soybeans over the 1.5 million already contracted.

The good Soviet soybean crop tends to reduce further the soybean import prospects.

Also, soybeans yield only about 17 percent oil, as compared with 43-44 percent oil extracted from sunflowers. As a result, the level of crushing may be maintained through the end of 1975/76, but the amount of oil produced is expected to drop sharply.

All in all, the Soviets could turn out about 350,000 tons of soybean oil from both domestic and imported soybeans, as well as another 150,000 tons of oil from other oilseeds. Principal other oils are linseed, castorbean, and mustardseed.

In the past the Soviets have imported moderate quantities of peanut meal but have not imported soybean meal. Furthermore, meal supplies in 1976 already are likely to be boosted above usual levels by soybean imports.

ACCORDING to recent visitors to the USSR, Soviet extraction facilities are fairly modern. New facilities are continually being built and older plants renovated. Most of these plants rely on the prepress and solvent-extraction methods in order to maximize extraction ratios.

Opinions differ, however, as to whether the Soviets generally consider solvent-extracted oil fit for human consumption. Some reports indicate that solvent-extracted oil goes largely either for export as unrefined oil or for industrial uses. But Soviet Ministry of the Food Industry representatives visiting the United States in October stated that solvent-extracted oil is used in the manufacture of food products.

Vegetable oil production in 1975—although below plan—probably was adequate to boost domestic consumption to planned levels without drawing down stocks. On the other hand, the heavy hog slaughter—resulting in large lard supplies—in the fall of 1975 may have held vegetable oil utilization below currently estimated levels. Exports in 1975 probably declined moderately from the 1974 level.

Prospects for 1976 are less optimistic. The Soviets can choose among several alternative plans. Most likely—food consumption will not be permitted to increase, industrial use will be cut, stocks drawn down sharply, imports increased slightly, and exports reduced substantially.

The tight situation may, of course, be reflected in vegetable oil trade more strongly than current estimates suggest, or additional oilseed imports may occur in 1976.

Vegetable oil in the USSR is used for human consumption, for industrial purposes, for reserve stocks, and for foreign trade.

Consumption for food is the most significant claimant on vegetable oil supplies—accounting for about 2 million tons in 1974. Edible vegetable oil is used primarily for cooking and in margarine. Although the oils are to a large extent interchangeable, the Soviets depend mainly on sunflowerseed oil for food use.

Cottonseed oil is used for food in Central Asia and soybean oil in the Far East, but these oils are not popular in the European USSR, and presumably go for export or industrial use. Because of the sharp decrease in the availability of sunflowerseed oil in 1976, some substitution of other oils is foreseen.

Per capita consumption of vegetable oil increased slowly from 6.3 kilograms in 1966 to 7.3 kilograms in 1973, but jumped sharply to 7.9 kilograms in 1974 (1 kg=2.2046 lb.) Consumption in 1975 was planned at 8.3 kilograms. Despite disappointing 1975 production of vegetable oil, the Soviets may have met this goal. Soviet nutritionists state that per capita consumption of 9.1 kilograms of vegetable oil is optimum for maintaining health, and this is believed to represent the longer term consumption goal.

Margarine apparently accounts for more than a third of all edible vegetable oil consumed in the USSR. Soviet margarine reportedly usually has a fat content of around 82 percent, of which 90 percent is vegetable oil and the rest milk and milk solids. On this basis, margarine accounted for about 730,000 tons of vegetable oil consumption in 1974. Butter production, however, still exceeds production of margarine.

To some extent, the Soviets are able to cope with extra-large or disappointingly small oilseed harvests by adding to or subtracting from their stocks, although stocks seldom have greatly exceeded 200,000 tons. Aggregate stock data combine wholesale, industrial, and retail stocks, but exclude noncivilian inventories. The buildup in stocks that occurred in 1974 brought inventories to a near-record level.

Vegetable oil exports—largely of sunflowerseed oil—during the 1970's have been fairly stable, ranging from a low of 371,000 tons in 1973 to a peak 513,000 in 1974. In recent years, Soviet sunflowerseed oil exports have been distributed about equally between destinations in Eastern Europe, Western Europe, and selected developing countries.

Oil imports during 1970-74 averaged about 80,000 tons. In general, the Soviets tend to import specialized

USSR PRODUCTION OF BUTTER AND MARGARINE AND APPARENT NONMARGARINE FOOD USE OF VEGETABLE OIL, 1965-74
[In 1,000 metric tons]

Year	Butter production	Margarine production	Nonmargarine vegetable oil food use[1]
1965	1,184	670	1,145
1966	1,157	599	1,029
1967	1,177	624	1,073
1968	1,164	652	1,068
1969	1,065	691	1,078
1970	1,067	762	1,089
1971	1,122	850	1,089
1972	1,176	850	1,106
1973	1,350	883	1,171
1974	1,360	992	1,259

[1] Calculated; total vegetable oil food use minus vegetable oil in margarine production, assuming 82 percent fat content, of which, 90 percent vegetable oil.

vegetable oils rather than oils that are domestically produced, although they regularly supplement domestic supplies of linseed and castor oil with imports.

Fairly substantial amounts of vegetable oil in the Soviet Union are used industrially—for soap, for example—although the Soviets publish no comprehensive data on these uses. To a large extent, vegetable oil and animal fats such as tallow are used interchangeably in soap making.

In late 1975, an official of the Fats and Vegetable Oils Industry of the USSR estimated that 60 percent of the fat content of soap was vegetable oil. This implies use of about 300,000 tons or more of vegetable oil in soap making in recent years.

On the other hand, another recent report indicated that consumption of vegetable oil for soap-making had fallen from 324,000 tons in 1955 to 126,000 in 1972.[1] Other industrial uses of vegetable oil probably include paint, linoleum, plastics, and various other products.

Estimates suggest that industrial use has ranged between 700,000 and 800,000 tons in recent years. In 1974, the estimated jump in industrial use of vegetable oil—to 800,000 tons—is related to the sharp increase in soap production from 1.19 million tons (40-percent fatty acid content) in 1973 to 1.49 million tons in 1974.

Some verification of these estimates is possible, although actual data are not available. For example, the Soviets produce 400,000 to 500,000 tons of sunflowerseed oil per year by solvent-extraction. Also, some 800,000 to 900,000 tons of other oils suitable primarily for export or industrial use are produced each year. Since sunflowerseed oil exports have averaged about 400,000 tons, this implies that the remaining 900,000 tons of vegetable oil would have been available for industrial use—without drawing on prepress or farm-crushed sunflowerseed oil.

Until 1975/76, Soviet production of vegetable oil depended on internal oilseed production. Although internal production appears capable of covering domestic consumption requirements—plus a moderate level of exports in good-weather years—recurring shortfalls are likely when weather is less favorable.

The near-term outlook for greatly increased production of oilseeds is not particularly favorable, although potential for expanding soybean crops remains an open question. Oilseed production increases are likely to result from improved land management and improved seed strains, rather than from increased area.

Area planted to most oilseed crops is limited by climate, although cotton area has been expanded through irrigation. The Soviets probably have not reached maximum oilseed area levels. Future acreage increases will hinge on developing newer strains of seeds that permit more frequent rotations or that can adapt to areas where oilseeds are not now grown.

Some increase in cottonseed production may be achieved by irrigation of new land. The 4.5-5 million hectares in sunflowers probably could be increased substantially were it not for the long rotation periods—up to 10 years—now reportedly required for disease prevention.

Soybean area may be increased slightly in the Far East by drainage and other land improvements. Any really large increases however, would probably have to come further to the west, and at the expense of some other crop, if suitable varieties are developed.

THE TENTH Five-Year Plan (1976-80) calls for substantial increases in soybean production, particularly on irrigated land in the southern parts of the Russian Federation (RSFSR), the Ukraine, Moldavia, and the Transcaucasus.

The 1976-80 plan also calls for increased production of cotton, sunflowerseed, flax, and castorbeans. Seed cotton production is to reach 9 million tons per year in 1980, compared with the 7.9-million-ton crop of 1975. In all probability, production will exceed this goal; the Soviets have usually understated cotton goals in the past. Although no planned production figures for sunflowerseed were given, the Soviets have stated they intended to procure, on the average, 6 million tons yearly during 1976-80, compared with an average 4.7 million during 1971-74. The procurement goal was, however, set at 5.9 million tons in 1975.

The Soviets believe that increased yields and higher oil content, rather than expansion of seeded area, are the keys to increasing oil production. They are stressing genetic experimentation to develop new varieties, especially of soybeans, which will ripen faster and better withstand the extremes of the Soviet climate. Increases in fertilizer application and improved land management practices may also increase yields. However, occasional large-scale crop failure due to unfavorable weather—as is now believed to have occurred in 1975—will likely continue to affect year-to-year vegetable oil production.

[1] **Puti razvitiya mylovarrenoy promyshlennonst *Maslo-zhirovavaya promyshlennost.* January 1974, p. 2.**

USSR VEGETABLE OIL OUTPUT 1970/71-1974/75 AND 1975/76 FORECASTS
[In million metric tons]

Years		Total quantity		Quantity from Government oilseed holdings	
Crush[1]	Calendar	Crush[2]	Calendar	Crush	Calendar
1970/71	1971	2.98	2.92	2.62	2.63
1971/72	1972	2.82	2.83	2.58	2.56
1972/73	1973	2.53	2.68	2.32	2.40
1973/74	1974	3.48	3.41	3.10	3.10
1974/75	1975	3.31	3.35	2.98	3.05
1975/76[3]	1976[3]	2.80	2.80	2.55	2.55

[1] September-August year. [2] Data are for October-September year; data not disaggregated for September. [3] Forecasts.

PRELIMINARY USSR VEGETABLE OIL BALANCE, 1975-76
[In million metric tons]

Item	1975	1976
Production	3.35	2.80
Imports	.05	.10
Exports	.45	.25
Domestic supply	2.95	2.65
Food use	2.10	2.10
Industrial use and waste	.80	.70
Stock change	.05	— .15

Nigerian Port Congestion Fails To Stop U.S. Exports

By LYLE E. MOE
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Lagos

MADE WEALTHY literally overnight by booming oil revenues, Nigeria has wasted no time in spending its money—so quickly, in fact, that products are arriving far faster than they can be unloaded. As a result, some 300 ships now lie outside the Lagos-Apapa Harbor, awaiting berthing space that may be up to 6 months in coming.

Until recently, even Nigerian agricultural exports were being delayed by this traffic jam, boosting world prices for such important Nigerian exports as cocoa. Yet U.S. agricultural exports to Nigeria have been threading the maze with few impediments, thanks to privileged access of American Conference cargoes.

These exports to Nigeria have grown in step with the country's expanded demand, rising from less than $30 million in fiscal 1973 to $78.6 million by fiscal 1975. Another gain to $100 million is forecast for fiscal 1976, with grains and preparations expected to account for around 70 percent of that total.

Other Nigerian imports also have been rising—sometimes at a near-frantic pace—in response to the gush of oil earnings that followed the 1973 jump in oil prices charged by the Organization of Petroleum Exporting Countries (OPEC). Nigeria ranks high among these nations—it is the world's sixth largest oil producer—and hence has found itself with an abundance of money to pursue ambitious economic and social goals. Such spending, in turn, has led to unprecedented demand for imported consumer and commercial goods—but little improvement so far in the port facilities needed to handle the vast influx of imports.

NOT TO be outdistanced, the Japanese Lines Conference has acquired berth No. 10, while the United Kingdom West Africa Conference uses berths 11 and 12 and the Continental West Africa Conference occupies berths 6, 7, and 8. The waiting queue thus consists of non-Conference vessels, cement ships, and Far Eastern and Mediterranean Conference ships that do not have reserved berths.

The main loser in this complex situation appears to be the Nigerian Government, which must pay a demurrage cost estimated at roughly $1 million per day. In a growing number of cases, demurrage costs have even exceeded cargo values.

Inadequate berthing and transport facilities are at the heart of the problem. The main wharf area consists of only 17 berths, plus 4 berths for special cargoes such as petroleum, coal, fish, and vegetable oils.

To alleviate this problem the Government has upped the number of moorings in the harbor so that more ships can tie up and unload into lighters. But these lighters, lacking dock area, still must nudge between the docked ships and discharge as best they can.

The dock area, in general, is a bewildering mass of crowded, stacked cargos, piling up for lack of appropriate machinery to unload or to handle the unloaded cargo. Beyond the docks, cargo movement is handicapped by the clogged streets of Lagos-Apapa, not to mention the fact that the Apapa dock area was originally designed for 50 percent railway use whereas only about 3 percent of the cargo now moves out that way. An additional headache is the great inflow of containers, which the port is ill prepared to handle.

Understandably, the Government is giving priority to the port congestion problem, including a number of programs to facilitate offloadings. Also, the influx of cement ships has fallen markedly from the peak levels of last fall, when as many as 500 ships were in the harbor.

This combination of circumstances has given Lagos Island, with its backup of ships, the appearance of the launching point for a massive World War II invasion fleet. Of the waiting ships, nearly 200 carry cement with a total tonnage estimated at over 2 million. But that is only a small part of the cement ordered—estimated at 20 million tons by the National Government that assumed power after a coup in July 1975. Some 16 million tons of that cement was said to have been ordered by the previous military Government for use in building barracks.

All of the cement was to have been delivered within 12 months at a cost to the Government of around $1 billion. Needless to say, the cement will not get in during that short timespan; the Government is now renegotiating various cement contracts and rescheduling shipments.

Most U.S. exporters, on the other hand, enjoy use of a priority berth—No. 9—reserved for eight member lines of the America West African Freight Conference.

In close sequence, the Conference ships anchor at the berth for a speedy unloading in the required 6 days. These movements are carefully synchronized, based on recommendations by line representatives, who meet each Tuesday in Lagos, and Conference officials, who meet each Wednesday in New York.

Most conference vessels carry 10,000 tons, with their cargoes divided for offloading at various West African ports. A New York-Lagos run normally takes 3 weeks.

Nigeria's only other main harbor is Port Harcourt, which is much smaller than Lagos-Apapa. Here, the waiting period for nonpriority vessels is 3-4 months. The country also has five smaller ports where the waiting period is about 2 months—but these cannot handle large ships and have limited off-loading facilities.

PARADOXICALLY, in the midst of all these ships, Nigeria has found it almost impossible at times to obtain space for its exports—including such important farm products as cocoa, palm kernels, and peanut cake. The reason is that ships get so little time in berth that they barely can unload, let alone take on new cargo.

As of late 1975, the situation had become critical for cocoa, with rising prices resulting from shipping delays. Exporting has since improved, however, reflecting the Government's recent acquisition of a berth in Apapa Harbor. Although a backlog of exports remains, the new berth has lifted the pressure, and the excess cocoa stocks have begun to decline.

Volume up, value slips—

Farm Exports Push U.S. Trade To Record Surplus for 1975

By SALLY E. BREEDLOVE
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IN CALENDAR 1975, U.S. agricultural exports totaled $21.9 billion, only slightly below 1974's $22 billion. Since U.S. agricultural imports dropped to $9.3 billion in 1975, the agricultural surplus of trade reached a new high of $12.6 billion.

The overall U.S. trade surplus was a record $10.3 billion in 1975. Despite a 10 percent increase in exports of nonagricultural goods and a slight decrease in their imports, that sector of the economy posted a trade deficit for the fifth consecutive year.

Export volume was up slightly in 1975 from the 1974 level. Substantial growth occurred in shipments of grains, meats, cattle hides, fresh fruits, and nuts. Exports of oilseeds and oilseed products, cotton, tobacco, and animal fats fell sharply.

Lower unit values caused the drop in the value of U.S. farm exports. Throughout 1975, prices of major exported commodities fell from the high levels of the fall of 1974, that resulted from the short 1974 U.S. grain crop. The greatest declines occurred during the first half of the year.

The 58-million-ton 1975 U.S. **wheat** crop—the third successive record crop—and a drop in foreign wheat production caused U.S. wheat exports to expand from 25 million tons in 1974 to 31 million in 1975. U.S. exports of wheat under P.L. 480 increased in 1975 from the unusually low level of 617,000 tons in 1974—final figures are not yet available.

The value of wheat exports rose 16 percent to $5.16 billion although the unit value fell to $167 per ton from $177 in 1974. The December 1975 unit value was $160 per ton.

The markets that most increased their imports of U.S. wheat in 1975 were the USSR, India, and Brazil. Drought cut the Soviet wheat crop to less than four-fifths of the 1974 output, and a severe freeze and dry weather sharply reduced Brazil's wheat crop. Financial aid from the Middle East oil-exporting countries has enabled India to expand its food imports.

U.S. wheat exports to the People's Republic of China (PRC), Mexico, Iran, and Iraq dropped sharply in 1975. The PRC had a good crop year and a shortage of foreign exchange. Mexico's wheat output recovered after a short 1974 crop. Iran and Iraq increased food production in 1975, and port congestion also restrained imports.

U.S. **feedgrain** export value reached a new high of $5.24 billion in 1975, and export volume rose to 40 million tons. A near-record U.S. crop in 1975, lower world production, and strengthening world livestock industries were factors in the rise. The 1975 unit value of feedgrain shipments was $125 per ton, down from the December 1974-January 1975 high of $153.

Japan was the only major market for U.S. feedgrains that did not increase its imports in 1975. Japan had expanded its purchases of U.S. grains in 1974 when its normal suppliers had poor crops. Japan's total feed imports in 1975 were about 12.8 million tons.

Feedgrain shipments to the USSR shot up 60 percent to 3.2 million tons. The USSR is attempting to maintain its cattle herd although its 1975 feedgrain crop was less than two-thirds of the 1974 harvest. But because of the sharp drop in grain production the USSR has greatly stepped up slaughtering of hogs and poultry. As of January, hog numbers were down 18 percent and poultry 8 percent.

FEEDGRAIN exports to the European Community last year increased 25 percent to 13 million tons, reflecting lower European production and a stronger livestock industry. Spain's expanding livestock industry boosted its imports of U.S. feedgrains to 3.2 million tons, compared with only 1.8 million tons annually during 1972-74.

U.S. corn exports reached a record 33.4 million tons in 1975. Grain sorghum exports were up slightly, but barley and oats shipments declined sharply in 1975.

U.S. rice exports increased 24 percent in 1975 to total 2.1 million tons. Expanded shipments to Bangladesh, Korea, Iran, and Iraq more than offset the drop in shipments to South Vietnam and Cambodia.

Shipments of rice to Bangladesh were under U.S. Government-financed programs. Both commercial and U.S. Government-program exports of rice to Korea were larger in 1975. Their expanded foreign exchange earnings encouraged Iran and Iraq to purchase U.S. rice. The record world production in 1975 slowed the demand for U.S. rice during the latter months of the year.

The United States exported 12.5 million tons of **soybeans** in 1975, 10 percent below the 1974 record high.

World oilseed supplies are plentiful

U.S. AGRICULTURAL EXPORTS: VOLUME BY COMMODITY
CALENDAR YEARS 1972-75

Commodity	1972	1973	1974	1975	1974-1975 change
	1,000 met. tons	*1,000 met. tons*	*1,000 met. tons*	*1,000 met. tons*	*Percent*
Wheat and products	22,868	38,775	26,241	32,053	+22
Feed grains and products	28,117	41,902	37,472	40,383	+ 8
Rice	2,031	1,628	1,723	2,138	+24
Soybeans	11,995	13,220	13,940	12,496	−10
Oilmeal	3,852	4,792	5,111	3,950	−23
Vegetable oils	1,032	963	1,297	858	−34
Cotton, excluding linters	672	1,195	1,124	836	−25
Tobacco	288	290	313	263	−16
Total	70,855	102,765	87,221	92,977	+ 7

relative to demand, and the 9.6-million-ton 1975 Brazilian soybean crop provided strong competition to U.S. soybeans.

The export unit value for soybeans averaged $229 per ton in 1975, down from $255 in 1974. Prices for soybeans declined through the year as prospects for the big 1975 U.S. crop materialized. December exports were valued at less than $200 per ton.

U.S. soybean exports to Japan remained at 2.77 million tons in 1975. Shipments to the EC fell 10 percent to 5.75 million tons.

The large world supplies of vegetable oils and oilmeals affected U.S. exports of soybean products more sharply than they affected soybean exports. Soybean meal exports were down 23 percent in volume and 32 percent in value in 1975. Meal shipments to the EC dropped 18 percent to 2.83 million tons.

Soybean oil exports fell to 356,000 tons, less than half the 1974 volume. U.S. exporters faced strong competition from Brazilian soybean oil.

U.S. **cotton** exports declined for the second straight year. In 1975, 3.84 million bales (480 lb net) of U.S. cotton (excluding linters), valued at $991 million, were exported.

Most of the drop in cotton exports between 1974 and 1975 is attributable to the reduction in shipments to Japan and the PRC.

Cotton exports to Japan dropped from 1.3 million bales to 776,000 bales. Japan's textile industry remained depressed. Recovery from the recession is slow in Japan, and consumer purchases remained very low.

Textile imports from other East Asian countries have become more strongly competitive as wage rates in the Japanese textile industry have spiraled upward. At the same time, U.S. cotton was priced above other cotton on the world market.

Shipments of U.S. cotton to the PRC fell to 265,000 bales, about a third of the 1974 volume. This drop resulted from two successive good cotton harvests the decreased world demand for Chinese textiles, and the PRC's shortage of foreign exchange.

U.S. cotton exports to the other Southeast and East Asian countries were up 11 percent in volume during 1975. Korea became the largest market for U.S. cotton with imports of 829 million bales. Much of this cotton had been forward contracted in 1973 and U.S. cotton has benefited from good financing. U.S. cotton exports to Taiwan recovered strongly from 1974's low level.

U.S. AGRICULTURAL EXPORTS: VALUE BY COMMODITY
CALENDAR YEARS 1972-75

Commodity	1972	1973	1974	1975	1974-75 change
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Percent*
Animals and animal products:					
Dairy products	150	60	76	148	+95
Fats, oils, and greases	209	333	585	360	−38
Hides and skins, excl. fur skins	292	375	337	293	−13
Meats and meat products	204	374	301	432	+43
Poultry and poultry products	90	120	138	158	+15
Other	178	343	339	302	−11
Total animals and products	1,123	1,605	1,776	1,693	− 5
Grains and preparations:					
Feedgrains, excluding products	1,522	3,539	4,646	5,239	+13
Rice	388	539	852	858	+ 1
Wheat and major wheat products	1,479	4,200	4,634	5,353	+16
Other	101	209	179	170	− 5
Total grains and preparations	3,490	8,487	10,311	11,620	+13
Oilseeds and products:					
Cottonseed and soybean oil	241	237	695	466	−33
Soybeans	1,508	2,762	3,537	2,865	−19
Protein meal	434	985	999	672	−33
Other	225	324	478	449	− 6
Total oilseeds and products	2,408	4,308	5,709	4,452	−22
Other products and preparations:					
Cotton, excluding linters	503	929	1,335	991	−26
Tobacco, unmanufactured	672	714	886	877	− 1
Fruits and preparations	429	535	596	699	+17
Nuts and preparations	93	121	156	169	+ 8
Vegetables and preparations	251	366	473	504	+ 7
Other	432	615	757	889	+17
Total products and preparations	2,380	3,280	4,203	4,129	− 2
Total	9,401	17,680	21,999	21,894	—

In 1975, U.S. exports of unmanufactured **tobacco** including bulk smoking tobacco, dropped to 581 million pounds, the lowest level since 1971. Foreign tobacco production continued to expand in 1975. World cigarette consumption also increased, but the movement toward less tobacco per cigarette continued due to health and cost considerations.

U.S. tobacco shipments to Japan fell 26 percent in 1975 because of shipment delays that are expected to be made up in 1976. Shipments to the EC fell 8 percent in volume.

The value of U.S. agricultural exports to the **EC** (excluding transshipments through Canada) totaled $5.57 billion in 1975, only slightly above the 1974 level. Gross national product was down about 2 percent in member countries in 1975, and unemployment remained high.

Exports of U.S. grains to the EC were up significantly in volume, but 1975 shipments of soybeans and oilseed products were well below 1974 volumes.

Exports of inedible tallow and cotton to the EC fell to roughly half the 1974 volume. Tobacco and vegetable shipments also dropped. Small volume increases occurred for exports of variety meats and nuts and shipments of fruits were up 31 percent in value.

U.S. agricultural exports to the Netherlands and Italy were up in value in 1975, while shipments to the United Kingdom and West Germany registered a decline.

Exports of U.S. agricultural products to **Japan** were also seriously affected by the recession. Export value dropped 11 percent to $3.1 billion.

Less U.S. grain was shipped to Japan in 1975, while soybean shipments remained at the 1974 volume. The number of whole cattle hides shipped to Japan was up slightly.

Relaxation of Japanese import barriers allowed pork exports to expand from 20.5 million pounds in 1974 to 101 million pounds. Citrus fruit shipments were up 28 percent in value although volume was slightly lower.

The **Soviet Union's** latest estimate of

its 1975 grain harvest is 140 million tons, far below 1974's crop of 196 million tons and the production goal of 216 million tons.

Because of this shortfall, U.S. farm exports to the USSR in 1975 rose to $1.14 billion, compared with $300 million in 1974. The 1975 total included 4.1 million tons of wheat and 3.2 million tons of corn.

The **PRC** imported $80 million worth of U.S. agricultural products in 1975, down from $653 million in 1974. Upland cotton comprised virtually the entire 1975 total.

U.S. farm exports to the PRC were down because of good Chinese crops, lack of foreign exchange, and the reduction in world demand for Chinese textiles.

U.S. agricultural exports to **South Asia** were valued at $1.3 billion in 1975, 55 percent above the 1974 total. Most of the increase is attributable to expanded shipments of wheat to India and rice to Bangladesh.

U.S. wheat exports to India totaled 4.2 million tons valued at $611 million in 1975. Most of these shipments were made under cash sales. In spite of India's good wheat crop, fair-price stores do not have sufficient supplies to fulfill ration cards. Lower prices for U.S. wheat have encouraged India to build stocks.

During 1975, exports of rice to Bangladesh under P.L. 480 totaled 443,000 tons, valued at $163 million.

Other countries that greatly increased their imports of U.S. agricultural products in 1975 were Poland, Egypt, and Portugal. Iran, one of 1974's leading expansionary markets, imported less in 1975.

U.S. agricultural exports to **Poland** were up 45 percent in 1975 to $368 million. Wheat shipments were more than double the 1974 volume, and feed grain shipments were two and a half times the 1974 level. U.S. oilseed and oilmeal exports to Poland declined during 1975.

Food shortages arose in Poland in 1975; demand for food has been growing at a faster rate than has food production.

U.S. agricultural exports to **Egypt** totaled $425 million in 1975, 24 percent above the 1974 value and three and a half times the 1973 value. Sizable increases were recorded for the major commodities exported to Egypt: Wheat, cottonseed oil, feedgrains, and tallow.

During 1975, the rapid growth in U.S. farm exports to **Portugal** continued. Shipments were up 24 percent in value to $261 million. Wheat exports to Portugal were up 20 percent in volume, and corn exports swelled about 64 percent.

Since 1960, agricultural production in Portugal has increased by less than 1 percent annually. However, the demand for food has grown substantially. Political changes hindered farm output in 1975.

U.S. agricultural exports to Iran fell to $423 million in 1975 from $534 million in 1974. In 1973, exports to Iran totaled only $109 million. Iranian ports and distribution channels have become overloaded. There is a 4- to 6-month backlog at Iranian ports. Iran also had a better production year in 1975 than in 1974.

U.S. wheat and soybean oil shipments to Iran fell to about half the 1974 volumes. U.S. rice exports to Iran increased by 93 percent to 366,000 tons during calendar 1975.

U.S. AGRICULTURAL EXPORTS BY REGIONS
CALENDAR YEARS 1974 AND 1975

Region[1]	1974	1975	Change
	Million dollars	*Million dollars*	*Percent*
Western Europe	7,029	7,159	+ 2
European Community	5,504	5,571	+ 1
Other Western Europe	1,525	1,588	+ 4
Eastern Europe and USSR	927	1,754	+ 89
USSR	300	1,136	+279
Eastern Europe	627	619	— 1
Asia	8,357	7,623	— 9
West Asia	1,262	1,160	— 8
South Asia	835	1,293	+ 55
Southeast and East Asia (excl. Japan & PRC)	2,128	2,009	— 6
Japan	3,479	3,082	— 11
People's Republic of China	653	80	— 88
Latin America	2,565	2,282	— 11
Canada	1,282	1,333	+ 4
Canadian transshipments	552	475	— 14
Africa	1,138	1,157	+ 2
Oceania	149	110	— 26
Total	21,999	21,894	—

[1] Not adjusted for transshipments.

$90 Million in CCC Export Credits Set

About $90 million worth of new or increased export credits were extended under the Commodity Credit Corporation's export credit sales program during January.

A new $30 million line of credit was established for Indonesia to finance export sales of U.S. wheat. Credit terms provide for 3-year financing, and the line is effective through June 30.

Poland received a new $50 million line of credit to finance export sales of $40 million worth of U.S. feedgrains and $10 million worth of U.S. cotton. Terms provides for 36-month repayments, and the line expires December 31.

An $8 million increase to a previously established $12 million line of credit was authorized for the Dominican Republic. The increase will provide for an additional $3.5 million to finance purchases of dry edible beans, $3 million for vegetable (cottonseed, peanut, or soybean) oils, and $1.5 million for feedgrains. Terms provide for repayment over 36 months. The credit is effective through December 31.

A $4 million line of credit for purchase of wheat by Zaire was increased by $1 million. The current $15 million line for Zaire covers export sales of wheat, rice, tallow, and tobacco. The $1 million added to the wheat line represents an amount previously allocated—and now withdrawn—for tallow. Credit terms provide for 1-year financing. The line expires June 30.

CCC credit is a short-term dollar-credit program designed to help U.S. exporters to meet foreign competition, hold their share of traditional markets, and establish new markets. CCC financing is not intended to provide foreign aid, but rather to expand dollar markets for U.S. agricultural commodities.

U.S. Holsteins Featured at French Fair

From Top: Exterior view of St-Etienne exhibit, featuring U.S. Holstein-Friesian cows and a free milk bar; and a closeup of cows, with pertinent data displayed on placards overhead. Eight U.S. cows were in the exhibit sponsored by a group of French dairymen. A similar exhibit may be sponsored in March at the Salon d'Agriculture in Paris.

PRIDE IN THE LEVEL of milk production of Holstein-Friesian cows imported from the United States 2 years ago prompted their owners to exhibit eight of them at a local agricultural fair at St-Etienne (near the center of France, close to Lyon) and probably again at the annual Salon d'Agriculture at Paris, March 7-14.

The St-Etienne exhibit was sponsored by C. Brassard and two colleagues, who have been active in importing U.S. dairy cattle as members of a small cooperative that jointly owns 160 head—70 dairy cattle of which 31 are purebred Holstein-Friesians, 23 purebred French Friesians, and the rest a cross between Holstein-Friesians and French Friesians.

Milk output during the first lactation of the first 25 cows imported from the United States averaged 5,600 kilograms in 309 days. The record among the cows was 7,290 kilograms in 305 days for a cow that started its first lactation at 32 months.

Most of the cooperative's milk is farm packaged in 1 liter containers and sold at 19 points in St-Etienne. About 500 liters of milk are sold daily, with the spring and summer surpluses going to a local dairy.

Brassard and his colleagues used the St-Etienne fair not only to promote interest in the Holstein-Friesian breed—relatively new to French farmers—but also to boost consumption of milk. The exhibit attracted about 30,000 visitors, many of whom sampled the free milk that was available at a milk bar at the booth.

The cooperative's herd is maintained on 57 hectares of land, including 20 hectares of pasture, 6 of alfalfa, 18 of forage corn, 10 of barley, and 3 of forage cabbage.

Brassard also imports U.S. semen. He keeps the best of his purebred Holstein-Friesian heifers to replace the cows now in his herd and sells the crossbred calves. In this manner he is gradually fulfilling his plan to establish a herd consisting only of purebred cattle—particularly Holstein-Friesians.

COFRANIMEX, a Paris-based firm, handled the import of many of the cooperative's cattle.

Although France is a relatively minor importer of U.S. dairy cattle—importing just 254 Holsteins in 1973 and 334 in 1974—the possibility exists for larger sales as the milk-producing ability of U.S. Holstein-Friesians becomes more widely appreciated.

—Based on report by XAVIER ROUILLARD
Office of U.S. Agricultural Attaché
Paris

Outside the United States—

Most Northern Hemisphere Winter Grains Faring Well

By Foreign Commodity Analysis,
Grain and Feed Division
Foreign Agricultural Service

REPORTS through February 10 indicate that prospects for this year's winter grain crops in the Northern Hemisphere outside the United States[1] are slightly better than normal for this time of the year and significantly improved from the conditions of a year ago. The dominant feature of the current winter grain situation is in Western Europe, where the 1976 crops are generally off to a very good start.

Outside of Western Europe, overall conditions are satisfactory and roughly comparable to those of a year ago at this time. Soil moisture conditions are generally improved in North Africa, but are slightly below normal in parts of India and China. In the USSR, winter grain plantings have been expanded, but some areas may suffer from somewhat higher than normal winterkill, and earlier lack of soil moisture.

Throughout almost all of the winter-grain producing regions of the Northern Hemisphere, significant increases in planted area were achieved this past autumn. Generally, these increases will mean smaller area of spring grain plantings rather than any significant increase in total grain area for the total 1976 crop.

In most of Europe, including parts of the USSR, generally poor planting conditions in the fall of 1974 had caused a considerable shortfall in normal winter grain plantings and led to unusually large plantings of lower yielding spring grains. This year's higher proportion of winter grains should, therefore, contribute to somewhat higher overall yields and outturn.

In contrast to last year, mild temperatures, sufficient rainfall, and good soil conditions prevailed throughout the autumn tilling and sowing season in all but a few areas. Regions normally affected by severe winter temperatures have, for the most part, benefited by enough snow cover to prevent serious winterkill and add to soil moisture.

In those areas where prospects could be somewhat unfavorable, the cause is either a failure of autumn and early winter rains to overcome the severe soil moisture deficiency that had arisen earlier in 1975—as is the case in sections of the USSR—or a development of subnormal rainfall conditions in the post-planting phase—as is the case in India.

"... in Western Europe ... 1976 crops are generally off to a good start."

Fall sowing intentions in **West Germany** were up at least 5 percent, but a corresponding decrease in spring grain acreage is expected. The exceptional weather to date has raised expectations that yields will be higher than last year's and may even approach those of the 1974 record year.

Growing conditions in the **United Kingdom** have also been very good, and a large U.K. wheat crop of about 6.2 million metric tons is possible. Wheat sowings increased to 6.7 million hectares, up from the previous year's 4.1 million.

French winter grain prospects are described as excellent with sowings completed early, and favorable weather conditions to date. Both winter wheat and barley areas have been expanded by 20 percent at the expense of a 12 percent—or 200,000 hectare—reduction in maize-producing area. With average yields, wheat production could approximate 18.4 million tons and barley production 2.5 million, compared with only 13.5 million tons and 2.0 million for wheat and barley, respectively, harvested in 1975.

This year, adequate weather permitted normal soil preparation for winter-grain sowing in **Belgium.** Therefore, the producers shifted back to winter varieties, which are higher yielding than spring varieties. The total 1976 winter-grain area is likely to be 70 percent of total grain area, compared with only 37 percent in 1975.

TOTAL 1976 **Dutch** winter grain production is expected to be about one-sixth larger than the exceptionally low 1975 crop of 1.1 million tons.

In **Austria,** all factors presently point to bumper crops of fall-sown grains.

Most of **Scandinavia** also benefited from the same improved grain planting and growing conditions as the rest of Europe. In Sweden, the winter-wheat area is reported to be approximately 50 percent larger than normal, reaching the 300,000 hectare level.

Italy's soft wheat acreage is estimated at 1.93 million hectares, down 3.2 percent from 1975's. But winter-planted Durum wheat acreage is estimated at 1.59 million hectares, up 2.5 percent. Last year's optimal weather in southern Italy will not be duplicated, so slightly lower yields are forecast this year.

December rainfall, after a dry fall and early winter, has improved the outlook for **Spain's** winter grain crop. Winter wheat acreage is expected to increase at the expense of spring-sown sunflowerseed and barley.

Adverse weather caused a small reduction in **Greece's** winter grain area. However, crop prospects remain favorable, since the wider use of higher yielding varieties, with better response to fertilization and resistance to lodging, is expected to offset the unfavorable weather during seeding.

Total area planted to winter grains in **Poland** this year amounts to 4.5 million hectares, 200,000 more than in 1974/75, but 500,000 below plan. Although snow presently covers only parts of the country, no winterkill damage has yet been reported. Precipitation has been 150-200 percent of normal to date.

Both **East Germany** and **Hungary** report winter grain sowings completed early on somewhat expanded acreage.

[1] **Northern Hemisphere winter grains outside the United States account for roughly 30 percent of the total world grain crop; nearly one-half of total Northern Hemisphere grain production outside the United States; and about 50 percent of the grain that the world consumes directly for human food.**

INCREASED winter wheat acreage in **Yugoslavia** will probably result in slightly reduced area planted to spring-sown barley and oats. December and early January were drier than usual, but recent heavy snowfalls should improve soil moisture supplies.

Romania's soil moisture during seeding was also quite low, and some wheat went into the winter in relatively weak condition. However, late November and late January snows should improve soil moisture conditions.

In the **USSR,** 36 million hectares were reportedly sown to winter grains last fall, up 2.3 million hectares from the previous year's sown area. Recent heavy snowfalls over most winter grain areas are expected to aid in replenishing low soil moisture reserves in many areas.

Sharp temperature changes in January, and the generally poor condition of winter grains in some major growing areas are expected to result in a more normal amount of winterkill, in general, than last year's unusually low level.

Winter grain acreage in **Turkey** will be about the same as last year's, but planting and growing conditions so far this year have been more favorable because of greater precipitation and snow cover. Overall weather conditions in **Syria** were also reported as favorable for grain sowing and development.

Jordan's winter wheat area has suffered from insufficient rainfall during and after planting; late January rains in most areas were helpful, but even more is needed in February to assure average yields. In **Israel** the lack of rains has seriously affected most of the wheat in the southern and Negev regions.

Morocco's winter grain plantings were disrupted by sporadic rainfall, and, as of mid-January, were 15 percent below the 1970-75 average of 4.0 million hectares. The rains finally returned to **Tunisia** after 2 dry months, and with greater use of high yielding varieties reportedly occurring this year, winter grain production is now expected to be well above average.

Possibly because of problems in marketing its grain, **Iran** has reportedly planted less wheat this year. Soil moisture is reported to be deficient in some important areas.

India's fall-sown foodgrain crop area is placed at 43.0 million hectares, 3.5 percent more than last season's. Although the southwest monsoon (June-September) provided an excellent basis for seeding, the post-monsoon period (October-January) rains have been deficient in much of the northern and northwestern wheat growing areas, probably reducing the production potential in those areas.

Early February rains in the northwest and northeast sections of the wheat area have, for the moment, alleviated what was becoming an acute concern. Rainfall during the next 6-8 weeks will have to reach at least normal levels to prevent further reductions in the production potential of this season's crop.

The crop in **Pakistan's** irrigated area was planted under favorable conditions, with normal supplies of canal water. Planting in Punjab Province—a principal wheat growing region—is reported to have exceeded the target of 4.4 million hectares.

In the rainfed area, early wheat was sown under good moisture conditions, though germination and plant development were later hindered by dry weather. Recent rainfall should help to limit further reductions in yield.

The **People's Republic of China's** (PRC) winter wheat area for 1976 is described by official sources as larger than that of the preceding year. With total precipitation for 1975 less than one half the normal level in some areas, soil moisture supplies in most of the wheat growing region of north and northern China apparently are less than normal.

The widespread development of irrigation in recent years, from both rivers and wells, has significantly reduced the PRC's dependence on timely rainfall. Nevertheless, some winter wheat areas have reportedly begun to show definite effects of inadequate moisture.

Rains Hurt Some South African Crops

PRETORIA—Unusually heavy rains and a cyclone have battered wide areas in Transvaal, Natal, and Orange Free State Provinces. But overall agricultural production has not been affected, except in the southwestern Lichtenburg district.

Farmers in the main corn and grain sorghum areas expected seasonally heavy rains and were prepared for them, although not for the excessive rainfall that has occurred. Many farmers planted slightly larger areas to corn and sorghum than in 1975.

The South African corn crop is now estimated by the U.S. Agricultural Attaché at 8.75 million metric tons, down somewhat from the 9.5 million tons produced in the preceding season, and the grain sorghum harvest estimate remains at 600,000 tons as noted earlier, compared with a crop of 548,000 tons the previous year.

The rains that started in Natal and Western Transvaal early in December were at first a blessing to the farmers after many dry months. Farmers were eager to plan corn, grain sorghum, and other crops.

However, continued heavy rain and electrical storms have now caused dams and rivers to overflow and some cornfields to disappear altogether.

Parts of Natal and the Orange Free State, while also swept by rain and wind storms, reportedly have sustained little crop damage because of the hilly topography and good draining of the fields.

The South African Government is preparing emergency measures to aid victims of the storm and floods.

Japan's Food Trade Show Expected To Draw 50,000

Some 50,000 Japanese food traders will get a chance to see and sample U.S. food products at the upcoming 1976 International Hotel and Restaurant Show at the Harumi Pier, Tokyo. The 50 booths consigned to U.S. exhibitors at this March 15-19 trade-only show have been fully booked, with a standby waiting list. All told, these exhibitors will feature about 600 U.S. food products (including 70 that are new to the market) from 12 states and 80 U.S. food firms. Japan is the largest single market for U.S. farm products, in 1974 taking $3.5 billion worth of U.S. farm products, including $197 million worth of consumer-ready foods.

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World Cotton Output, Stocks Down

In mid-February 1975/76, world cotton production was estimated at 54.9 million bales, down 8.3 million from the 1974/75 record of 63.2 million and the smallest world cotton harvest in 5 years. The 13 percent decline this season resulted from an estimated 9 percent cut in planted acreage and poor weather—especially during harvest—in several major Northern Hemisphere cotton-producing countries.

The weather damage generally reduced average yields below those of the previous season. With a reduction of 3.2 million bales from last season's outturn to only 8.3 million bales, the United States will account for 40 percent of the decline.

Among Northern Hemisphere countries, the greatest weather losses outside the United States occurred in the USSR, where rains and an early freeze during harvest reduced the crop by at least 700,000 bales to a currently estimated 12.2 million bales. Turkey, Pakistan, India, Iran, and northern Brazil were, among other countries, sustaining weather and, in some cases, insect damage. Although no firm estimates are yet available for Southern Hemisphere crops just planted, the southern Brazil crop will evidently be reduced several hundred thousand bales because of a large acreage decline.

Despite the 13 percent fall in world production, large August 1, 1975, stocks in exporting countries will hold the estimated decline in world cotton supplies to only 3 percent below the 1974/75 high. Reduced 1975/76 production and higher consumption will work world stocks down this season by 6.0-6.5 million bales to 24-25 million, more than erasing last season's massive 5-million-bale buildup. Foreign non-Communist exporting countries, which accounted for most of last season's increase in stocks, will also register the largest declines.

The United States is leading the world textile recovery and should account for at least one-third of the estimated 3-million-bale increase in world consumption, still placed at around 61 million bales. Foreign textile industries report some improvement in demand and now expect recovery to 1973/74 levels beginning around mid-1976—delayed, however, by sluggish general economic recovery in foreign industrial countries.

The world trade forecast remains about unchanged at around 17.9 million bales, up from last season's depressed 17.0 million. Foreign non-Communist exporting countries could achieve shipments of 10 million bales, up over 1 million, benefiting through early December 1975 from uncompetitive U.S. asking prices. The U.S. export forecast has been reduced to 3-3.5 million bales.

By December 1975, several exporting countries had worked off a sizable part of their surplus cotton supplies. During that month, foreign prices began the first real firming trend in 6 months and by mid-January had gained 8-10 cents per pound, spurred by tightening world supplies and the brightening demand outlook. Several exporting countries reacted by removing cotton export subsidies and most exporting countries had temporarily withdrawn from the market by mid-January.

Foreign strength in December and January narrowed the U.S. spread above foreign growths to about 3-5 cents at the turn of the year. Improved U.S. competitiveness in that period brought export sales for 1975/76 and 1976/77 delivery in the 4 weeks ending February 1 to 650,000 bales, almost equaling total new sales in the previous 5 months.

—By Mollie J. Iler, FAS

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